

Considering a Construction Project?

Construction Project Delivery Methods

A Guide to **“Shopping”** for Construction Services

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Why have we put together this presentation?

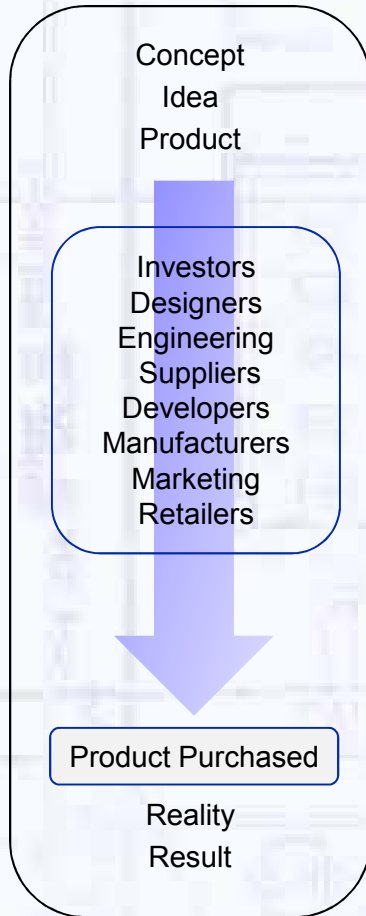
Because we believe that...

1. Our best customers are informed customers or owners.
2. Our best projects result from working as a team with informed owners and experienced, detailed design professionals.
3. The environment for construction activities is changing dramatically.
4. Owners and owner representatives are struggling with how to approach construction projects.
5. There is a distinct difference between purchasing a “Product” and a “Service”.
6. The unique nature of construction is an environment where the buyer may never know what they did or didn’t get for their money.
7. As a building owner or facility manager you have to be a “Smart Shopper”.
It’s not MAGIC



Consumer Shopping

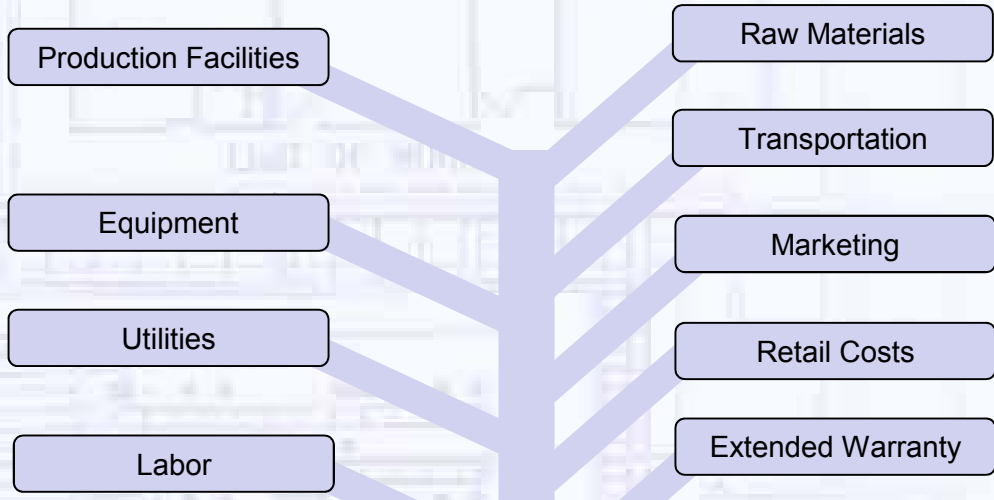
Risk Incurred by Others Before Sale



No Business Partnership with Final Purchaser

Risk Incurred Before Sale by Investors / Retailers

Sale Price



At Retail Outlet
100% of Cost / Risk is Included



Review Online Product Reviews
Comparison Shop

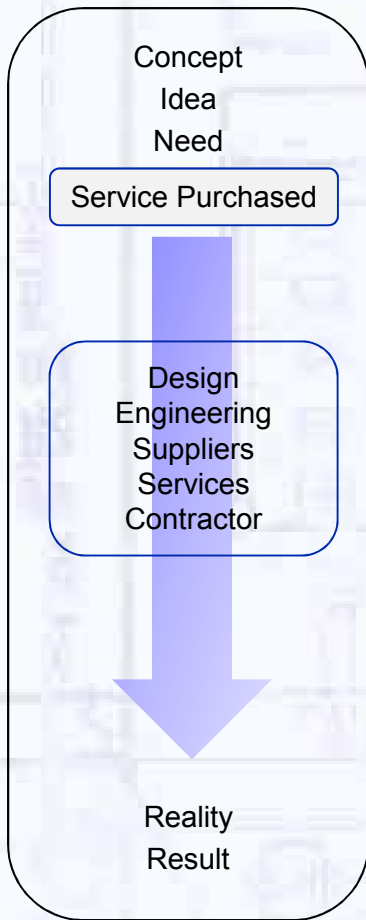
Sale Price \$?????
Is locked at time of purchase

\$???? Investor's Profit \$????



Construction Shopping

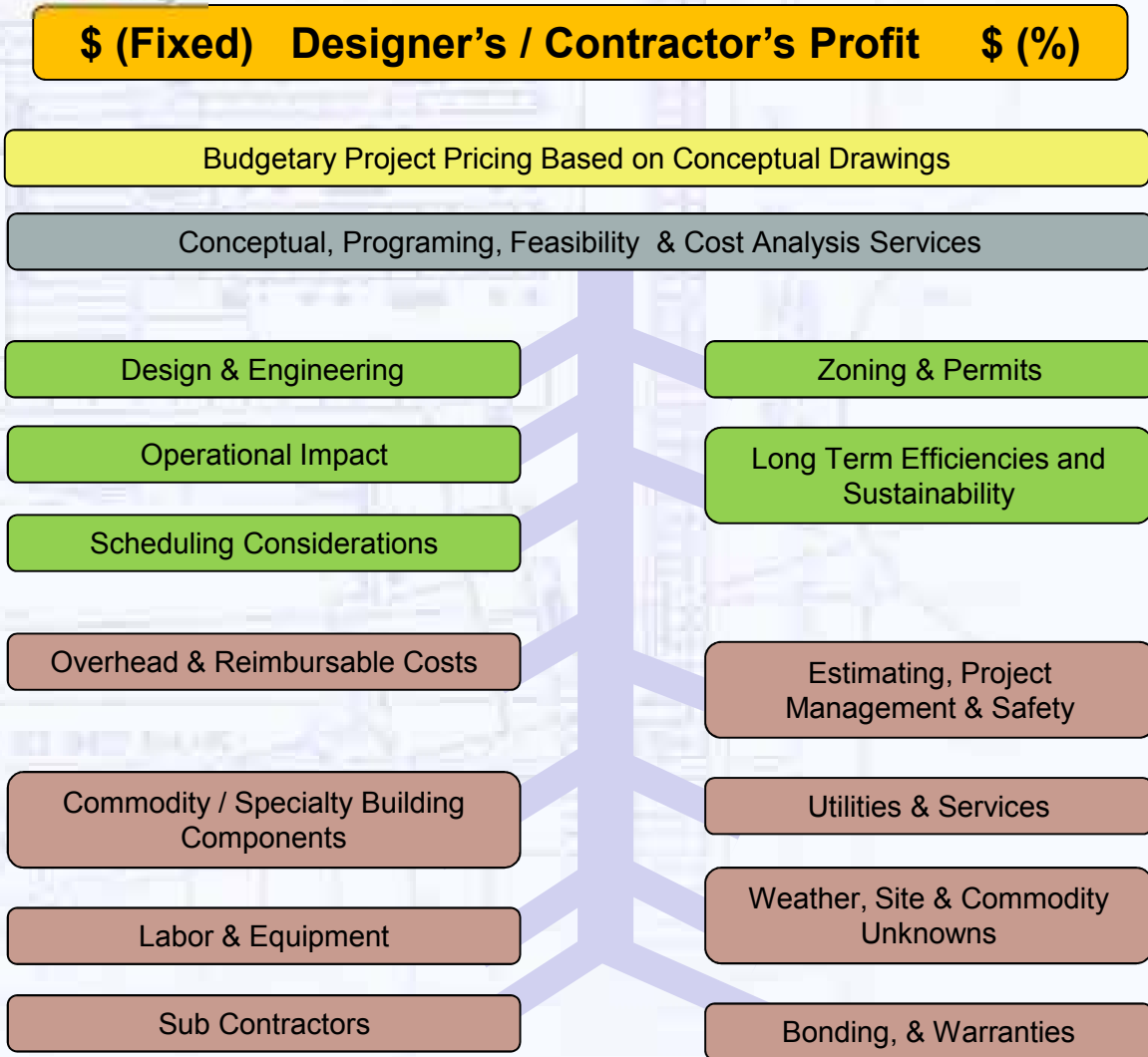
Risk Incurred by Owner After the Sale



Business Partnership between Owner, Architect & Contractor

Most Risk Incurred after Purchase Price Determined

Sale Price
Design Cost
Construction Cost



Sale Price \$??????

Based on Limited Information and a Window in Time

No Online Reviews of Contractors
Limited Ability to Comparison Shop

Every Construction Project is Unique



The Players

Who's on First? – Expectations?

The Architect / Engineer

Provides
Vision
Foresight / Perception

Responsible For
Design / Engineering

The Contractor

Provides
Proficiency / Capability
Quality / Execution

Responsible For
Performance / Scheduling

Who is
Responsible
?
Who is at Risk



The Owner

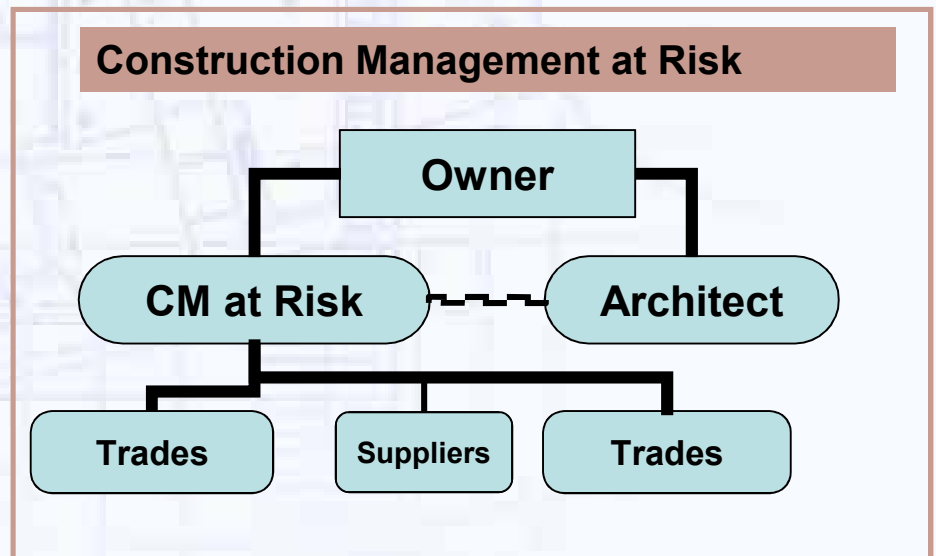
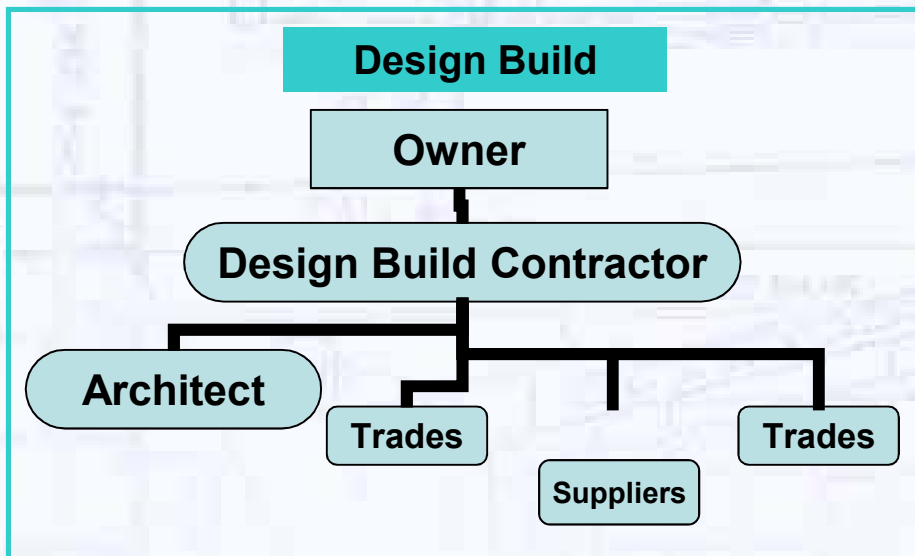
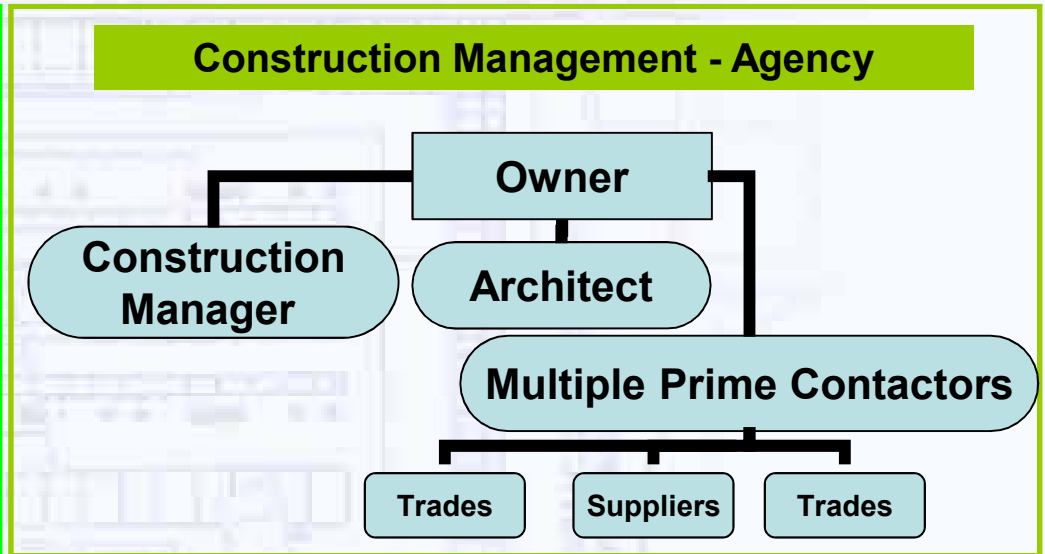
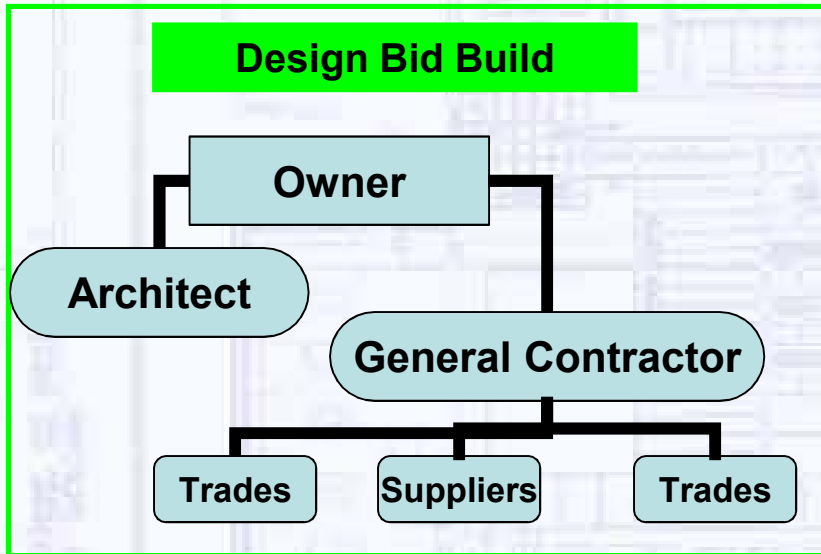
“I just want the best price”

Provides
Clear Opportunity / Financial Means

Responsible For
Taking The Ultimate Risk

Checks
&
Balances

Construction Delivery Methods Define the Relationships



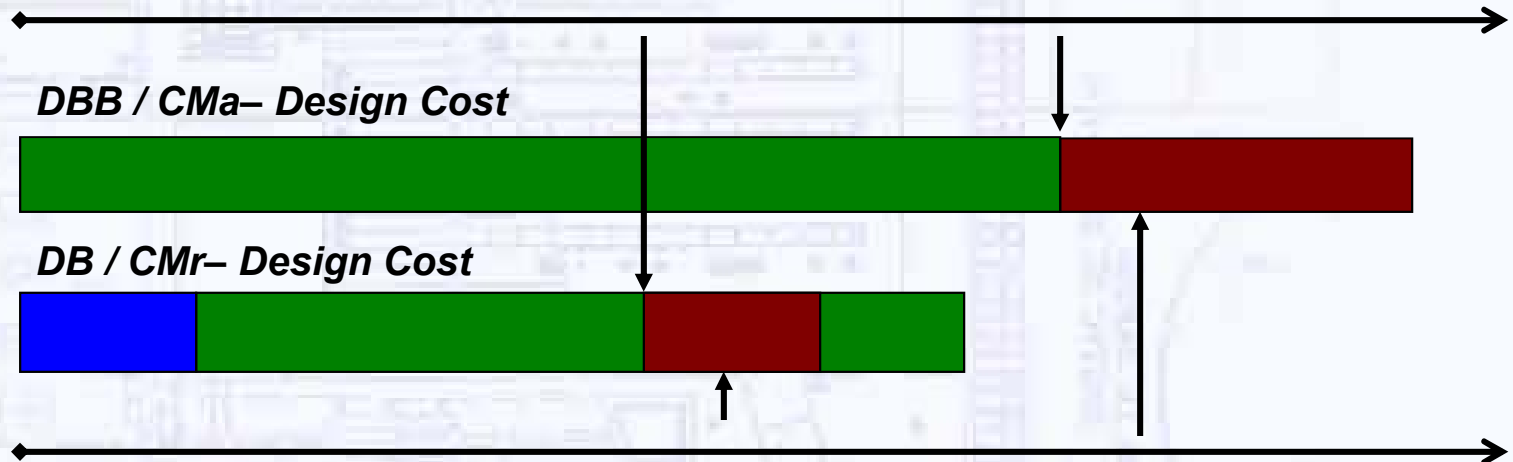


Design Cost Comparison

Project Cost Determination

DB / CMr - Cost of Project
Determined w/ GMP

DBB / CMa - Cost of Project
Determined at Bid Date



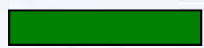
Potential Project Start Time

DB / CMr - Potential
Start Date with GMP

DBB / CMa Earliest
Start Date



Contractor



Design Professionals



Potential Redesign Cost

Note: Actual Design Cost and Time is Determined by the Scope and Complexity of the Project



Costs Beyond Design and Construction

What does the “Low Price” include?

All Design, Permit and Utility Service Costs?

All Construction Labor, Material & Supplier Costs?

Optimal Schedule?

***Does the Schedule Account for Seasonal Weather Conditions
and Local Labor and Supplier Market Changes***

Operational Impact?

How Much Will Ongoing Operations be Disrupted?

Long Term Sustainability?

Will it Last & Be Efficient to Maintain

Schedule Impacts Construction and Operational Costs



Phased

DB / CMr with GMP Offers These Advantages

- Both methods depend on the quality of the architectural firm and the contractor
- Owner involvement provides cooperative effort to achieve best results
- Can choose a contractor that will bring quality, experience, service and safety to the project
- Preliminary budget from DB / CMr provides early indication of project feasibility
- Input from DB / CMr during project design will reduce time, changes & cost
- Opportunity to pick contractors / suppliers improves quality, performance & minimizes unknowns
- Process reduces / controls cost of changes / GMP controls budget
- Increased ability to reduce overall time and maintain schedule
- Contractor cooperation and reputation assures follow-up and warranty



How Can You Be Assured That You Are Getting the Best Value?

Ask the Right Questions!

Hold a pre-bid meeting for all design professionals / contractors.

Provide answers to all subsequent questions to all bidders.

Pick your Partners

Control the Cost

Manage your Risk

Plan the Steps

**Have formal, scheduled bidder presentations to review the above
and select your construction project team.**



How Can You Be Assured That You Are Getting the Best Value?

Ask the Right Questions!

Pick your Partners

Participate in selection of both design and contracting professionals.

Get to know both the designers and contractors project team.

Identify major project phases.

Get price for design phase services.

Require standard industry contract documents.

AIA Contract Documents “Backed by Over 100 Years of Case Law”



How Can You Be Assured That You Are Getting the Best Value?

Ask the Right Questions!

Control the Cost

Identify the reimbursable items.

Identify what will be competitively bid.

Identify what will be self performed by contractor.

Lock in labor rates for self performed items.

Agree on fixed fee or percentage mark up for all services.

Formulate incentives for timely / early completion.

Exclude or identify any contingency amounts.

Get budget price for project. GMP with 100% give back is preferred.



How Can You Be Assured That You Are Getting the Best Value?

Ask the Right Questions!

Manage your Risk

Require WC, liability and safety records from contractors.

Require evidence of ability to bond project.

Agree on a proposed schedule.

How will change orders be handled / priced.

Agree on how communications will be handled.

Understand the warranty.



How Can You Be Assured That You Are Getting the Best Value?

Ask the Right Questions!

Plan the Steps

Get the Facts, Go / No Go - Discovery Phase

Determine the Cost - Pre-Construction Phase

Work the Plan - Construction Phase



The Alvada Advantage

- Local Family Business Since 1969
- Strong Planning, Estimating and Management Resources
- Experienced, Professional, Skilled, In House Tradesmen
- Substantial Owned Equipment Resources
- Respected By Local Material and Subcontract Resources
- Documented Safety Procedures and Practices
- Established and Solid Financial and Bonding Capabilities
- Diverse Portfolio of Completed Projects
- Future Value – Service After the Sale

Small Company Personality / Large Company Strength

Providing Quality, Experience and Service
to Findlay and Surrounding Communities
For More than 40 Years

